

Minutes of the Finance Committee

Wednesday, February 4, 2004

Chair Haukohl called the meeting to order at 8:45 a.m.

Present: Supervisors Pat Haukohl (Chair), Bonnie Morris, Don Broesch, and Jim Behrend.

Absent: Joe Marchese, Joe Griffin, and Genia Bruce.

Also Present: Legislative Policy Advisor Mark Mader, Budget Specialist Linda Witkowski, Building Operations Manager Mark Keckeisen, Budget Manager Keith Swartz, Environmental Health Manager George Morris, Parks Systems Manager Jim Kavemeier, Parks & Land Use Director Dale Shaver, Principal Assistant Corporation Counsel Steve Schmitz, Senior Financial Analyst Andy Thelke, Business Manager Bob Snow, Senior Financial Analyst Mike Baniel, Business Manager Betsy Crosswaite, Collections & Business Services Manager Sean Sander, and Administration Director Norm Cummings.

Approve Minutes of January 21, 2004

MOTION: Broesch moved, second by Behrend to approve the minutes of January 21. Motion carried 4-0.

Executive Committee Report

Haukohl advised of the following issues discussed at the last Executive Committee meeting.

- Discussed Northview boiler replacement/demolition and the landfill fee split issues, also on this agenda.
- Reviewed the Internal Audit Plan for 2004.
- Discussed the Business Plan for the Expo Center. Positively Pewaukee along with the Waukesha County Visitors Bureau is doing an economic impact study. County staff will begin preparing a business plan which will be mostly maintenance and ADA issues.

Announcements

Haukohl said Administration Director Cummings is reviewing the Finance Committee's annual reports schedule to determine if some reports can be heard in a timelier manner. Haukohl said the committee should have received a letter from the Wisconsin Counties Association (WCA) asking for suggestions for topics to be discussed at the next WCA convention. Any ideas should be forwarded to the County Board Office.

Schedule Next Meeting Dates

February 18.

Meeting Approvals

MOTION: Behrend moved, second by Morris to approve expenses for any committee members wanting to attend the February 16 Executive Committee meeting. Motion carried 4-0.

Discuss and Consider Use of Northview Demolition Funds as Part of the Boiler Replacement Capital Project

Keckeisen said the Northview Boiler replacement project was initiated to replace the boilers in the 1965 portion of that building. The consultant who prepared the building specifications for this project determined that a small section of the 1904 building is served by the same piping and resides in the laundry/boiler room. This room and the other 1904 section of the building are scheduled for demolition this spring. Keckeisen said if we're going to provide heat to the 1904 building we need to take the existing steam piping and convert it to a hot water system so we can include it in this boiler project. There are two portions of the 1904 building – one that's scheduled for demolition and the other that we'll continue to utilize.

When staff were completing the specification development for the boiler replacement, he reviewed the scope which talked of abandoning this boiler and eliminating the use for steam in the rest of the area. He included the steam piping conversion in the bid document for this project. One of the alternates of the project was the substitution of a different type of boiler. Staff are recommending that they cut that alternate which will reduce the cost by another \$12,000. The initial bid cost was \$279,980 and by taking out the alternate bid that figure is reduced to \$267,980. The amount of money they have available to do this project is \$209,000 so they are \$58,980 short. Keckeisen said the actual cost for doing the steam piping conversion is about \$80,000 and it would be added to this project to meet the scope.

Instead of coming back to the board and asking for additional funds, Keckeisen said the opportunity exists to take money from the other project and use it to pay for the piping modifications with the intent to bring in the demolition project still within the existing project. However, Keckeisen said he can't guarantee this. It's a larger project and there are a lot of unknowns but he believes it can be done. Witkowski referred to the handout showing budget appropriations, expenditures, and balances which she discussed further. Keckeisen said if they do go over budget they will have to come back before the County Board. He said they intend to bid both demolition projects together as one package which will likely produce some savings.

MOTION: Behrend moved, second by Broesch to approve the request to use Northview demolition funds as part of the boiler replacement capital project. Motion carried 4-0.

Ordinance 158-O-131: Endorse the Receipt and Expenditure of Federal Grant for Mosquito Assessment and Control Related to the West Nile and Other Mosquito-Borne Viruses that Cause Human Illness

G. Morris discussed this ordinance which involves accepting a \$12,962 grant for mosquito assessment and control to reduce the potential for transmission of the West Nile Virus. The City of Waukesha, City of Brookfield, City of New Berlin, and Village of Menomonee Falls have been chosen by the State to be the recipient of the grant and each municipality will receive \$3,204.50. The Town of Brookfield was asked but chose not to participate. A municipality, based upon its population as an urban area, must have more than 1,000 people per square mile to be eligible to participate.

MOTION: Behrend moved, second by Broesch to approve ordinance 158-O-131. Motion carried 4-0.

Ordinance 158-O-132: Dean Hintz Property Acquisition

Kavemeier distributed various maps pertaining to this property which is located in the Town of Vernon and is adjacent to County owned land. This acquisition is consistent with the Waukesha County Parks and Open Space Plan. It consists of 2.5 acres and is assessed at \$10,000 which is what the County will pay to acquire it. Funds are available in the Tarmann Parkland Acquisition Fund.

MOTION: Broesch moved, second by Behrend to approve ordinance 158-O-132. Motion carried 4-0.

Ordinance 158-O-133: Approve Land Use Permit to Summerstone, Inc., for Construction, Operation, and Maintenance of Two Stormwater Drainage Culverts Within Waukesha County Bugline Recreation Trail Right-of-Way

Kavemeier said this ordinance involves granting a Waukesha County Land Use Permit to Summerstone, Inc. so two stormwater drainage culverts can be constructed. Summerstone has agreed to dedicate to Waukesha County a parcel of land which implements the Parks and Open Space Plan. In return, the County will waive the normal Land Use Permit Fee of \$170. Kavemeier distributed revised copies of the permit agreement. In addition, Haukohl and Morris proposed minor changes to clarify size and intent whereby a consensus of the committee agreed. These will be included in the white copy sent out to the County Board.

MOTION: Morris moved, second by Behrend to approve ordinance 158-O-133. Motion carried 4-0.

Resolution 158-R-014: Support for Host Fee Split as Part of the Landfill Agreement for the Expansion of Orchard Ridge Recycling and Disposal Facility

Shaver distributed copies of "Orchard Ridge Recycling and Disposal Facility Landfill Agreement Host Fee" and "Menomonee Falls Landfill Site Analysis – Ton Rate CPI 4% and Two Year Freeze." Shaver said the Siting Committee, which includes two County representatives, himself and Schmitz, and four representatives from the Village of Menomonee Falls, have been negotiating since January of 2002 with Waste Management. The majority of the representatives on the Orchard Ridge Landfill Expansion Local Siting Committee have approved that the host payment fee shall be paid 90% to the Village of Menomonee Falls and 10% to Waukesha County. Village representatives have objected to the allocation of host payments based upon the property tax revenue allocation formula.

Shaver explained that a host fee is a payment typically made to affected municipalities – a dollar amount per ton of waste. In this case, Waste Management is projecting to receive nearly 11 million cubic yards of waste over an 11-year period. The siting committee negotiated with Waste Management a host fee starting at \$3.05 per ton which would increase based on the Consumer Price Index (a low of 3% and a high of 4%). Using a 4% escalator and starting at \$3.05 per ton, this would net \$24.7 million over the 11-year agreement life. Due to a previous agreement, the \$3.05 rate would be frozen for two years prior to it being subjected to the CPI. Shaver said once the host fee is set, it should be split among the affected municipalities.

County staff estimate that the proposed 10% share of the fees would total approximately \$3.3 million over the life of the expansion. Shaver said, logically, the split should be somewhere around 70% / 30%. He was also concerned that if the County Board approves this resolution, it will set a precedent to settle for less desirable splits in the future. Mader indicated that the Land Use Committee will be forwarding an amendment to the County Board stating that this resolution does not set precedent on future landfill sitings.

Shaver discussed multiple concerns with the State Statutes relative to this issue, as well as issues they encountered during the negotiating process with Menomonee Falls. Schmitz indicated, per State Statutes, Menomonee Falls is not required to share host fees nor have they been for the last ten years. In this case, four members represent the Village and two represent the County. This causes problems for the County because most of the host fee will go to the entity who has the most members on the committee. Schmitz said if we accept the premise that the host fee is based on lost property tax revenues, and those who lose the property tax revenues ought to share in the host fee, then the Menomonee Falls school district should get more than half of the host fee. However, they're not at the table. Schmitz advised there is a huge disconnect between State law and what's actually going on. Haukohl said she will bring these issues up in Executive Committee when state legislators appear for roundtable discussions.

Shaver advised that a siting committee meeting was recently called for this Friday morning at 8:00 a.m. and the Village Board will meet in a special meeting at 8:30 a.m. They're expecting someone to make a motion to split the host fee some way other than 90% / 10% and he believes this motion will pass. It will then go to the Village Board and if they approve it, we now have an adopted agreement. In this scenario, the agreement will come before the County Board in the form of an ordinance. Broesch, who will vote no, thought the County should get more. Haukohl also felt a 90% / 10% split was inappropriate but it could turn out to be even less come Friday, perhaps 95% / 5%.

MOTION: Behrend moved, second by Morris to approve resolution 158-R-014 with the understanding that the Land Use Committee amendment will come forward. Motion carried 3-1. Broesch voted no.

Fund Transfer 2003-153-2: Circuit Court Services – Transfer Funds from Operating Expenses to Interdepartmental Charges

Snow and Baniel were present to discuss this issue which involves transferring \$12,000 to pay for prisoner transfers. Funds are available as a result of a departmental decision to suspend employee travel earlier in 2003 to ensure sufficient funds were available to fund non-discretionary expenditures.

MOTION: Morris moved, second by Broesch to approve fund transfer 2003-153-2, Circuit Court Services. Motion carried 4-0.

Fund Transfer 2003-400-3: Public Works Dept. – Transfer Funds from Operating Expenses and Interdepartmental Charges to Personnel Expenses

Crosswaite and Witkowski were present to discuss this fund transfer which involves transferring \$15,000 to pay for personnel costs which have gone over budget, particularly in the area of

salaries, retirement, and health insurance. Funds are available in Housekeeping Services due to favorable contract costs.

MOTION: Morris moved, second by Broesch to approve fund transfer 2003-400-3, Public Works Dept. Motion carried 4-0.

Contract Procurement Process for Consulting Services for Assessment and Improving Workflow Processes

Sander said the contract was awarded to Whittmanhart, the highest rated proposer, for a total contract cost of \$139,875. The budgeted amount was \$150,000. A total of eight proposals were received for consideration. Sander said Whittmanhart will assist staff in finding a software product that's best for County tax billings and tax collections, and one that appeals to other municipalities as well. They will also look at our current process and, potentially, how we can reengineer that process so the software works properly. Mader noticed a discrepancy with the total contract cost between the one listed on the form and the one listed on the spreadsheet. Sander said the \$139,875 figure includes all three phases although Phases II and III are optional. The \$79,975 on the spreadsheet only covers the cost for Phase I.

MOTION: Broesch moved, second by Behrend to approve the contract procurement process for consulting services for assessment and improving workflow processes. Motion carried 4-0.

Update on TIF (Tax Incremental Financing) Issues and Legislation

Cummings distributed copies of "Tax Incremental Legislation – AB654 and SB305." Cummings said the current law allows a TIF to exist for 23 years. While he can understand this amount of time for those TIF's that eliminate blight, he does not feel this is necessary, for example, industrial parks that just may need a boost to get going faster. This being off the tax roll for 23 years does not benefit the taxpayers. Cummings said this bill reduces the number of years for industrial TIF's to 20, although he did not feel this was significant enough. It also lengthens the number of years for blighted TIF's to 27 and he felt this was too long.

Cummings indicated there are three provisions in the bill that he felt were so damaging that the whole bill should have been scrapped even though there were some positives. It establishes a new type of TIF called Mixed Use, which Cummings termed "Mixed Abuse." It basically allows all the worst uses of TIF. For example, an industrial TIF can include single-family housing and anything else that TIF really isn't meant to pay for, such as Home Depots, Wal Marts, etc. These TIF's should not be subsidized with tax money because they choose to locate there due to the market, they're hard on the roads and they draw lots of traffic, and it's unfair because it gives them tax advantages that the "mom and pop" operations are not entitled to.

The one good thing with the old law was that you could have single-family housing in TIF's but you couldn't pay for any project costs towards it. The new law allows you to use project costs for residential. One senator had claimed that this helps affordable housing which is defined as 1/3 of an acre with no other restrictions. For example, we can subsidize a \$500,000 home as long as it's on a 1/3 acre. Luxury condominiums also qualify. This is not good TIF policy.

Cummings said the bill also allows you to transfer money from a successful TIF to an

unsuccessful TIF, which he believes is unconstitutional. The whole idea behind TIF is that without those improvements, it wouldn't exist and the taxes that are generated are suppose to pay for those improvements and then go back on the tax roll. Now, we can perpetuate these TIF's by sending them to other TIF's.

Cummings said he testified on the State level against the bill. Amendments were made to the bill earlier by the Senate which he didn't even know about. Cummings said all the special interest groups were aware of the amendments but they were not. They were not given the opportunity to testify before the Assembly.

Haukohl asked if there was anything we could do. Cummings said we can't do anything about the law as the Governor will sign the bill. Cummings advised that he will fight all mixed use TIF's at every joint review board that he's a part of whenever necessary. He will, however, encourage redevelopment and industrial ones. Haukohl asked can the review boards be stricter than the law? Cummings said yes, to a point, even under the current law, which he explained further. He expects more and more public pressure to stop TIF abuse. To answer Haukohl's question, Cummings said the Wisconsin Counties Association did not lobby heavily against this bill because apparently they did not hear a lot of negatives.

MOTION: Behrend moved, second by Morris to adjourn at 11:46 a.m. Motion carried 4-0.

Recorded by Mary Pedersen, Legislative Associate.

Respectfully submitted,

Joseph F. Griffin
Secretary